

Ciba Specialty Chemicals

# Environment, Health and Safety 2002



## Statement from the Chairman of the Board and Chief Executive Officer Armin Meyer

In industry, we often hear the term “continuous improvement.” Usually, it’s in reference to making a series of incremental enhancements that lead to greater profitability.

In the Ciba Specialty Chemicals EHS Policy “A Commitment to Excellence” – which we publish in this report each year – we also speak of continuous improvement. Our reference is to continuously improve our EHS performance, which we know is directly linked to our financial success. That’s why environmental, health and safety matters are part of our business plan. It’s a critical component of success.

Last year, we introduced a novel way of reporting our environmental performance – both the traditional reporting of our actual emissions and energy consumption, as well as our new approach of connecting them to our business performance. By relating these factors to gross profit, we can demonstrate how our high-quality products add value throughout the value chain, using fewer resources and minimizing environmental impact. I invite you to review our primary measurement parameters (energy usage, water usage and carbon dioxide emissions) for 2002, as published in this report, and would like to remind you that more information is available on our Internet, at [www.cibasc.com/ehs](http://www.cibasc.com/ehs).

### Continuous improvement in product stewardship

For many years, Ciba Specialty Chemicals has been a leading participant in the chemical industry’s Responsible Care® program, in which a primary focus is product stewardship. Product stewardship means adopting a comprehensive “cradle-to-grave” process for identifying and managing the development, manufacture, distribution, marketing, use and ultimate disposal of our products – in a way that is as safe, healthy, environmentally sound and sustainable as possible and that ensures conformity between Ciba’s global policy and the local implementation of that policy.

In 2002, we took another step forward in our path toward continuous improvement: the Executive Committee adopted Ciba Specialty Chemicals’ Guiding Principles for Product Stewardship, which reinforce and expand our commitment to the product stewardship aspects of the Responsible Care® program. This action formalizes our efforts and makes them a systematic part of our management processes. This will more firmly establish product stewardship as a general attitude and habit amongst Ciba Specialty Chemicals employees, whether they be in research and development, product safety and registration, purchasing, manufacturing, sales and marketing or supply chain – all driven by a commitment from the top leadership in Ciba.

Our program will focus on several key priorities in the short-term: establishing a simplified, clear and standardized approach to assessing product risks; seeking benefits from improved product design; increasing our knowledge about how our products are used by customers; learning more about how our products are re-used or disposed; and learning more about the materials we buy from third parties.

Under our program, each business segment will create a Product Stewardship organization and then work with our Group EHS staff to establish annual targets to identify, prioritize and manage the various risks of creating and marketing chemical effects. The Executive Committee will review these targets. The businesses will periodically review and update the targets, leading to continuous improvement of our product stewardship efforts.

I am impressed with the many good individual product stewardship projects that are already underway within Ciba Specialty Chemicals. I am also aware that our new initiative will indeed bring additional benefits. We expect that there will be many lessons learned and they will be applied company-wide to make Ciba Specialty Chemicals stronger. I look forward to updating you in future reports.

### Update on 0-10-10

In 2000, we introduced three EHS target goals for the year 2003: (1) zero lost-time accidents; (2) a 10 percent reduction in the absolute level of energy usage, regardless of any changes in production; and (3) strive for a 10 percent greater material use efficiency as measured through material use accounting. We have one more year to go to our target date and I’d like to give you an update.

The number of lost-time accidents declined again – by 12 percent last year, with the number of such accidents falling from 92 in 2001 to 81. More than one-third of our manufacturing facilities (25) had no lost-time accidents in 2002, while another three manufacturing facilities celebrated 12-month “accident-free” periods.

While this is an encouraging trend and statistically shows that our *Safety First!* campaign is bringing results in this category, our efforts were overshadowed by the fact that we experienced three fatalities in 2002. These fatalities occurred in two separate incidents in which workers were performing maintenance on our manufacturing facilities. In one instance, two workers were overcome by fumes in an underground maintenance chamber; in the second, a worker fell from a platform while performing maintenance on an overhead pipe. Our deepest condolences have been shared with the families of these employees. As with any accident, these incidents could have been avoided and our commitment is to intensify our training programs worldwide with an even stronger focus on encouraging safe behavior. This broadened safety message will serve as a reminder that not only do we face risks on the job, but off the job as well, and we need to keep *Safety First!* in the very forefront of our minds at all times.

We have made further progress regarding energy consumption. In 2001, we reduced our energy usage by 5 percent; in 2002, we reduced it a further 2.5 percent. This brings the reduction so far to 7.5 percent of our target of 10 percent.

In Mexico, President Vicente Fox presented Ciba Specialty Chemicals with an award in 2002 for extraordinary achievements in conserving electrical energy at the Atotonilquillo Plant. Atotonilquillo personnel were successful in increasing production by nearly 2 percent, while reducing electricity usage by 12.5 percent. The reduction amounted to 10 percent of the plant’s total energy costs.


In a related matter, we have made improvements in using fewer natural resources for energy consumption. We are successfully substituting fossil fuels with nonrecoverable wastes. At eight of our sites, we have adapted our boilers to use such comparable fuels, lowering our use of both natural gas and oil. At one of our U.S. facilities, Suffolk, we are even using recovered methane gas from a closed municipal landfill as a major fuel source.

In the third part of our 0-10-10 program, we have built upon the material use accounting framework we implemented in 2001 and can report that in 2002, we increased material use efficiency by 5 percent. We have implemented standard definitions company-wide and have learned significant lessons that will make us even more efficient in the future.

### EHS remains good business

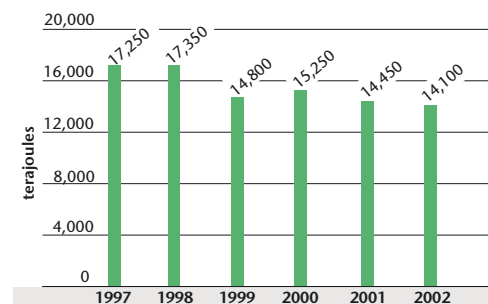
As I have stated before, at Ciba Specialty Chemicals we firmly believe that a strong EHS performance leads to a good financial performance. As one of the leading members of the chemical industry, we understand the importance of communicating about our performance and pro-actively finding ways to make a difference by continuously improving our operations. I invite you to share your comments and ideas with me at any time.

Thank you for your interest in Ciba Specialty Chemicals.

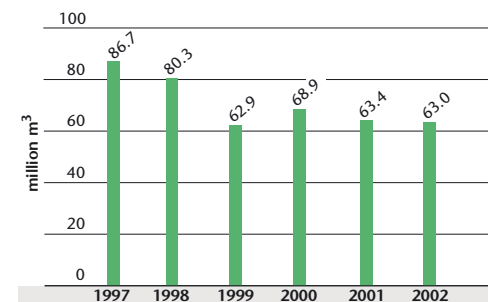


Armin Meyer  
Chairman of the Board and  
Chief Executive Officer

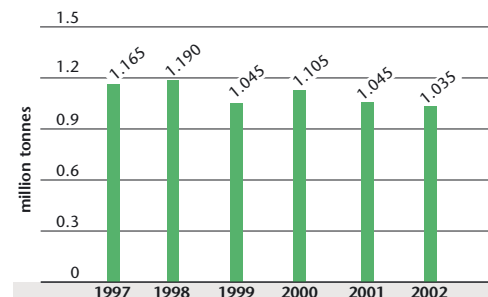
### Energy Usage

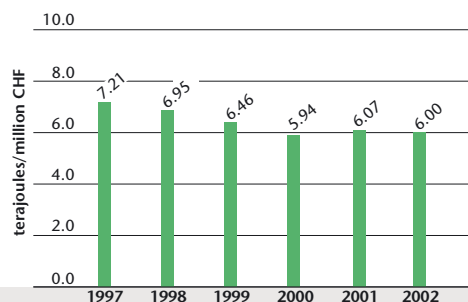
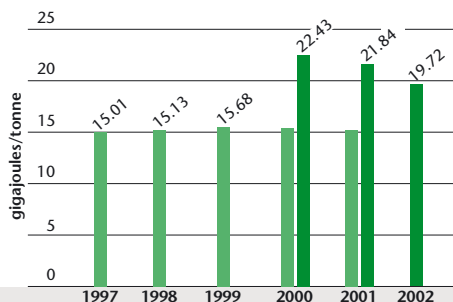


### Water Usage



### Carbon Dioxide (CO<sub>2</sub>) Emissions

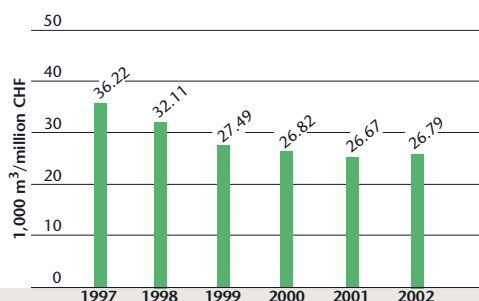
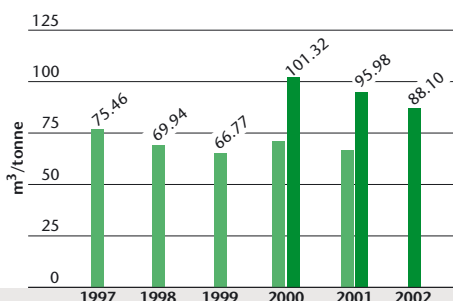


Energy Usage per Million CHF GP<sup>1</sup>Energy Usage per Tonne Product<sup>2</sup>

The data on energy consumption, water usage and CO<sub>2</sub> emissions have been collected using Ciba Specialty Chemicals' global SEEP (Safety, Energy, Environmental Protection) reporting system. This system ensures that uniform reporting procedures and standards are used throughout the Company, regardless of any local reporting standards or requirements.

All of the data has been consolidated to 100 percent, irrespective of our effective holding in joint ventures. The CO<sub>2</sub> emission data includes the CO<sub>2</sub> emissions from third-party electricity generation that can be attributed to Ciba Specialty Chemicals' usage.

With the reorganization of the Company into segments in 2001, we introduced a standard definition of how the production quantity was to be measured. As a result, we have restated the figures for per tonne of product for the period between 2000 and 2002, but continue to show the old figures for 2000 and 2001 for comparison purposes.

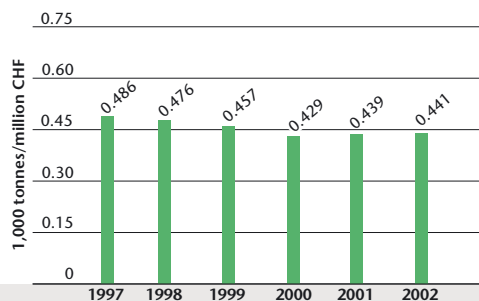
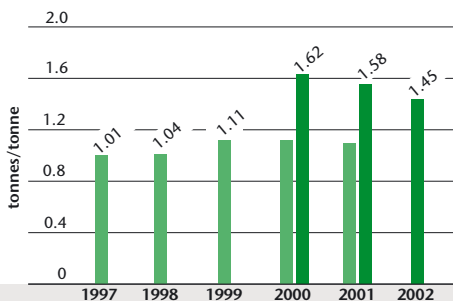
Water Usage per Million CHF GP<sup>1</sup>Water Usage per Tonne Product<sup>2</sup>

Comparisons of our environmental data between 2000 and 2002 show the following percentage changes:

Absolute figures: energy usage (-7.5%), water usage (-8%) and CO<sub>2</sub> emissions (-6%)\*

Per million CHF gross profit: energy (+1%), water (0%) and CO<sub>2</sub> emissions (+3%)\*.

Per tonne of product: energy (-12%), water (-13%) and CO<sub>2</sub> emissions (-10%)

CO<sub>2</sub> Emissions per Million CHF GP<sup>1</sup>CO<sub>2</sub> Emissions per Tonne Product<sup>2</sup>

In 1998, the European Chemical Industry Council ("CEFIC") published its Health Safety and Environmental Reporting Guidelines. These guidelines form the basis for the EHS data, which are published on Ciba Specialty Chemicals' Internet site at [www.cibasc.com/ehs](http://www.cibasc.com/ehs).

\* Without the significant appreciation of the Swiss franc during this period, especially during 2002, and its impact on gross profit, the Company would have shown substantial improvement (that is, a reduction in percentages) in all three categories.

<sup>1</sup> GP stands for gross profit.

<sup>2</sup> Data for 2000 and 2001 have been restated. See Comments to EHS Figures.

## A Commitment to Excellence

Ciba Specialty Chemicals strives for a leading position in all its markets and business segments. An important element to ensure business leadership is the successful integration of EHS management into all relevant business processes.

We will focus on product and process innovation, supply chain management and customer support to continuously improve the EHS performance of our products and services.

We are committed to exploring all reasonable opportunities to apply our EHS strategies and policies in close cooperation with our customers and suppliers for the benefit of all parties.

### **Ciba Specialty Chemicals is committed to:**

- Integrating EHS management into business processes and strategic planning
- Global compliance with laws, regulations, international treaties and conventions
- Minimizing, managing and communicating all risks relating to its products and operations; participating in Responsible Care® programs in all major regions
- Maintaining a high level of awareness, motivation, training and professionalism in EHS for all employees
- Continuously improving EHS performance through goal-setting and measurement
- Considering EHS performance as a key element in selecting suppliers, distributors and contractors
- Communicating EHS strategies and performance openly and consistently to all key stakeholders

## Production Sites with Zero Lost-Time Accidents

In 2002, 25 production sites reported zero lost-time accidents, compared with 24 in 2001, 19 in 2000 and 15 production sites in 1999. In addition, three sites – Bradford, in Great Britain, and Lampertheim and Langweid, in Germany – celebrated a 12-month period without a lost-time accident during the course of 2002.

The total number of lost-time accidents reported in 2002 fell to 81, compared to 92 in 2001, 142 in 2000 and 154 in 1999.

Listed here are the 25 production sites that reported zero lost-time accidents in 2002:

• Wyong	Australia
• Camaçari	Brazil
• Estrada do Colégio	Brazil
• Santiago	Chile
• Guangzhou	China
• Panyu	China
• Shekou	China
• Bogotá	Columbia
• Grimsby	Great Britain
• Fraijanes	Guatemala
• Candra Sari	Indonesia
• Goa	India
• Ai-oi	Japan
• Isohara	Japan
• Chiba	Japan
• Kuala Lumpur	Malaysia
• Puebla	Mexico
• Kaohsiung	Taiwan
• Lad Krabang	Thailand
• Mahachai	Thailand
• Albemarle	USA
• Charlotte	USA
• Newport	USA
• St. Gabriel	USA
• Suffolk	USA

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Ciba Specialty Chemicals' 2002 Annual Report consists of the Business Review, the Financial Review and the Environment, Health and Safety Report.

The documents are published in both English and German.

This report was produced using Ciba Specialty Chemicals' products contained in papers, inks and other materials.

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